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Measuring Customer Service in National Commercial Bank in Saudi Arabia

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Final project of Master program
in Service Leadership and Innovation
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Introduction and Problem Statement

In a relatively short period of time the Kingdom of Saudi Arabia (KSA) has transformed itself into a global economic force, as evidenced by its inclusion in the G-20 (The Group of 20, 2009). By 2008 the total population of the KSA topped 28 million people. A closer examination of this number reveals that approximately 20 million are Saudi citizens with the remainder being an estimated 8 million expatriate residents (American Bedu, 2009).

The years of prosperity (due mostly to oil revenues) have caused a large baby boom in the country, with people under the age of 15 years old making up 38% of the population (approx. 10.7 million) (Population Reference Bureau, 2009). As this youth sector begins to reach the age of maturity, they will require banking services which meet their needs and wants. Clearly sustainability and growth of KSA banks will depend on them attracting and retaining the younger generation as customers (and as employees). In the interest of gaining insight into this dominant segment's preferences and perceptions, this research project will undertake a survey which investigates the banking experiences of Saudi citizens 15-30 years old. The results of this endeavor will be analyzed to determine what strategies should be implemented by National Commercial Bank (NCB) specifically (and other KSA banking institutions in general) in order to engage the Kingdom's youth market in long-term customer relationships.

Literature Review

Approximately 17 million young people (defined as under the age of 30) live in the Kingdom of Saudi Arabia today. This younger generation represents 60% of the country's population (estimated at over 28 million residents). Clearly, no entity or person (i.e. corporation, government branch, religious leader, educational institution, etc.) should fail to take into account the enormous influence this segment wields. Another phenomenon existing in the KSA today is that in spite of the recent downturn that most economies of the world have been experiencing recently, the Saudi economy is growing. In fact, in 2008 consumer expenditures reached SR 479 billion (vs. SR259 billion in 2003) (Euromonitor – Consumer Lending – KSA, 2009). Many industries are showing increased demand for their products, such as housing, appliances, home furnishings and electronics. The increase in disposable income has led to expansion in the banking industry as well.

In 1952, twenty years after the birth of the country, the government of Saudi Arabia established the country's central bank – the Saudi Arabian Monetary Agency (SAMA). The following year, the first commercial bank of Saudi Arabia was started – National Commercial Bank (NCB). For years the banking entities in the Kingdom were all Saudi owned until in 2003 the government allowed the first foreign bank (Deutsche Bank) to open a branch in the KSA (ameinfo.com, 2003). As of 2008, there were eleven commercial banks doing business in the KSA, five report being totally Saudi-owned and the others are more than half Saudi-owned with the minority holders being foreign banks (Euromonitor – Consumer Lifestyles – KSA, 2008). Although traditionally preferring to transact with cash only, Saudis are now embracing the purchasing and banking practices of other developed nations, such as using debit, credit and charge cards with greater frequency. Furthermore, increasing numbers of banking customers

regularly use ATM's and on-line services instead of teller-based services. This trend is no doubt led by the younger generation who has grown up with and is therefore comfortable with technologically-based services.

Another prevalent trend in Saudi banking is the structuring of bank products so that they are in alignment with the teachings of the Islamic Sharia law. Among the tenets of this philosophy is that it prohibits interest-bearing transactions. This has resulted in Sharia-compliant products being developed which involve a profit-loss sharing arrangement rather than the traditional principle and interest-based payments (Euromonitor – Consumer Lifestyles – KSA, 2008). These products have proven to be quite popular with the mostly Muslim population so even the international banks located in the KSA are offering Sharia-based product lines.

For the purposes of this project the National Commercial Bank was chosen as the focal point for a multitude of reasons. As previously mentioned this was the first bank established in the KSA and it remains 100% Saudi-owned. NCB is the largest bank in Saudi Arabia today in terms of capital and it has over 2 million customers and employs over 4,600 in its 267 branches. In 2007 they reported operating income of almost SR 10 billion and net profit of just over SR 6 billion. NCB is a full-service commercial bank which offers traditional and Sharia-based product lines and personal banking services (i.e. debit, credit, & charge cards, consumer loans, investing, etc.) Additionally, NCB has kept up with the technological advances that have been made in the banking industry by offering thousands of ATM's and point-of-sale devices throughout the country. Furthermore, they provide their customers with on-line, phone, and SMS-based banking capabilities. In fact, it has been reported that over 70% of the bank's transactions are performed via their electronic channels (Euromonitor – NCB – Consumer Finance, 2009). Their free on-line trading platform (Tadawul) is reported to handle an average

of one million transactions per month (ameinfo.com, 2009). In spite of all of their efforts, NCB is struggling to hold on to their position in the KSA banking industry. Although ranked number one based on capital, they are second in terms of selling Sharia-based products in the Kingdom and in numbers of ATM's and POS's (Al Rajhi Bank is first). Also as of 2007 they ranked second in market share when it comes to debit, credit and charge cards in circulation (Euromonitor – NCB – Consumer Finance, 2009). The key to their future success lies in their ability to attract and retain the younger generation of Saudis as customers of their banking services.

So what do we know about this impressively large group of young people? In a recent article, *Toronto Star* reporter Olivia Ward described Saudi youths as “a generation that has higher education and expectations than their parents” (2009). They are in fact different from their parents in many ways. For example, there is an increased possibility that their higher education was received from a non-Saudi university. The young women are as well educated as many of the men their age and they are increasingly found working outside of the home. Unlike their parents, this generation grew up surrounded by technology (i.e. computers, cell phones, etc.). These young people are more likely to have knowledge of and relationships with people from different cultures (i.e. while studying or traveling abroad, via internet, from media exposure, etc.). This market segment is reported to be more comfortable with using credit cards and utilizing consumer loans to enable them to experience their desired lifestyle earlier in their life (Euromonitor – Consumer Lending – KSA, 2009). Furthermore, it is predicted that, thanks to the younger generation, by 2013 consumer loans in the KSA will reach SR 630 billion (vs. SR 240 billion reported in 2008) (Euromonitor – Consumer Lending – KSA, 2009).

Even with all of this information, the question still persists as to the best way to earn the loyalty of this potentially lucrative market segment. TNS/NFO, a market research company in the Middle East outlines the KSA banking environment in this way “customers are faced with an increasing choice of products/services and are becoming more demanding as they see banks competing to offer a higher level of service. If banks do not have good mechanisms for understanding customer needs, targeting customer with a segmented approach (the one size fits all principle will not work any longer) and offering superior service, they are likely to face decreasing customer loyalties resulting in increasing cost of customer acquisition and retention” (ameinfo.com, 2004). TNS/NFO further stated that “customers will start to select banks [based] on higher order emotional and intangible benefits” (ameinfo.com, 2004).

Based on the research examined and information analyzed, it was determined that in order to form a clearer picture of what motivates this younger generation of consumers, a survey should be conducted for the purpose of garnering their opinions.

Project Design and Methodology

In the interest of collecting the banking experiences (and expectations) of young people of the KSA, a quantitative survey was developed. The survey consisted of three sections: personal information, bank services, and satisfaction indicator. In the interest of simplicity (and due to its popularity in the KSA) National Commercial Bank (NCB) was the only bank whose specific ratings were sought separately. All other banks’ information was grouped together.

Prior to the survey design process, various references were reviewed. Among these was “Measuring Customer Service Effectiveness” by Sarah Cook and notes from RIT’s Service Performance Metrics course which proved to be invaluable. Additionally, an extensive (77 page)

customer satisfaction survey was obtained from NCB. From these sources a pertinent, concise survey was designed which kept in mind the information needed as well as the time constraints of the potential survey respondents.

As stated, the purpose of the first section of the survey was to gather some demographic information on the survey participants. Since the focus of the study is young Saudi citizens (ages 15-30), the first question of the survey inquired about age. To discourage those not in that age range from filling out the survey, this goal statement was listed at the top of the survey: “to find out what young people (30 years old or younger) in KSA are looking for in a banking relationship.” Further emphasis was made on this point by only offering three age ranges to choose from in question #1: 15-18 years, 19-24 years, and 25-30 years. In Question 2, gender was specified. Question 3 sought to identify what region in the KSA the survey taker resided. For those who were studying abroad, they were to indicate the area of the Kingdom where they would return to live upon completion of their degree program. Due to the fact that Saudi Arabia (SA) has thirteen provinces, for the survey they were consolidated down to five regions: central, northern, southern, western, and eastern. In recent years especially, the KSA has placed a high priority on educating its young people. Therefore, Question 4 was included to see the highest qualification that each participant had reached in their educational process. Also, Question 5 covered whether the person was currently attending college or university and where he/she was studying. The attainment of higher education degrees is a goal of many young people in the KSA today. It can provide significant advantage for job seekers to obtain this advanced training. The KSA is in the process of establishing world class universities in the country, as evidenced by the recent opening of King Abdullah University of Science & Technology this fall (*KAUST*, 2009). Furthermore, for decades the KSA has sent thousands of young Saudis abroad to study at

prestigious universities around the world. By asking these two education-related questions, it was hoped that a pattern might emerge regarding banking choices and a person's educational level.

Question six asks about monthly income. Obviously this question would probably not apply to those ages 15-18 years old as most Saudis do not have jobs while they are attending high school. However, the government does pay a monthly salary to its students abroad (to cover living expenses) so there is the potential for gathering some information even from college students here. It is expected that there will be a significant difference in salaries with those having attained higher education degrees earning substantially more than the high school graduates and students. Ranges were set in this question with the lowest amount being 500SR, which is equivalent to \$125 US and coincidentally the minimum amount required by some Saudi banks to open an account.

Near the end of the Personal Information section (Question 7), respondents were asked whether they had an account at National Commercial Bank or not. Those who did not were directed to skip to section two, question 2 in order to give information about their Saudi bank separately. NCB customers continued with two more questions (Questions 8 & 9) in section one. NCB has the distinction of being the first bank established (1937) in the new Kingdom of Saudi Arabia (formed in 1932) (Wilson, 2004). Today, they continue to distinguish themselves as they are the largest bank in the KSA (and the second largest in the Middle East) with total assets of 221.8 billion SAR (\$59.12 billion US) (ABQ Zawya Ltd., 2008).

Question 8 of the survey is where the survey taker indicates what type of account(s) he/she has at NCB. In the interest of making it easier, choices were given for checking, savings, and investment. Further information is then gathered in Question 9 which asks what NCB

banking services the person currently uses at NCB. The question lists a total of 17 choices (plus an “other” line) in an effort to prompt a more complete answer from the respondents. These choices include specific services (i.e. car loans, credit card, direct deposit, etc.) as well as technological options (i.e. internet stock trading, e-payments, phone banking, etc.).

As a follow-up, Question 1 in the second section of the survey (“Bank Services”) lists the same options as in Section 1, Question 9 but the survey taker is asked to rank the importance of each service. This is accomplished by the use of a scaling tool (the numbers 1 through 10) with “1” being placed next to the “most important service” and subsequent numbers used to indicate the second (“2”), third (“3”) and so on to the “least important service” indicated by the number 10 (or highest number). Section two, Question 2 is where people with accounts in banks other than NCB are supposed to indicate their answers. This question is the same as Question 8 in section one as it asks what type of account (checking, savings, and/or investment) they have at the “other” bank. Question 3 is the same as Question 9 as it asks for all banking services utilized at the other bank with the same list of choices offered. The last question in section two is the same as Question 1 in section two as it wants the services ranked (1-10) by the importance to the survey taker.

Section three is the “Satisfaction Indicator”. The first question uses a Likert scale to get the respondent to rate their satisfaction with the services they receive at his/her bank(s). The scale has “1” designated as “not satisfied” and it goes up to “5” which is “extremely satisfied”. Again the NCB bank customers are asked to show their opinion of NCB’s services separately from any other banking relationships they have. Therefore NCB is listed on the first line with its own set of boxes to check and “your other bank” is listed on the next line. Following each scale is a place for the answerer to fill in his/her response as to “why” they made such a ranking.

The final question of the survey (section three, Question 2) pertains only to NCB customers. It asks them “how can National Commercial Bank improve the services provided to you?” Several lines are provided so that the customer can give feedback to NCB.

Without direct access to a random sampling of Saudi youths located in the KSA, the author of this research project used a convenience sampling method. The survey was printed out in hard copy and filled out by some Saudi students who attend RIT in Rochester, NY. The survey was also made available on-line and disseminated via e-mail to two on-line communities: the Facebook and Yahoo groups entitled “Saudi Students in USA”. Additionally, the researcher’s extensive list of contacts, which included Saudi friends and relatives in the U.S. and the KSA, received the survey by e-mail. The researcher collected fifty-plus responses over an approximately one month period.

Results and Analysis

The final total of surveys completed by Saudi young people was 56. The results were tabulated and analyzed using Microsoft’s Excel software. As you recall the first question was designed to find out the age of the person filling out the survey. The goal of the survey was to obtain information from the younger generation in Saudi Arabia therefore the only ranges included in the question were in the target range (15-30 years old). For a graphical representation of Question one’s results see Chart 1 in the appendix. Of the 56 participants 33 (59%) indicated that they are 25 to 30 years of age. The next largest group was the 19 to 24 year olds which there were 22 (representing 39% of the total). Only one participant listed 15 to 18 years old for his/her age. This distribution was not really surprising considering that the initiator of the survey is 27 years old and his contact list was used in order to send out the survey.

Question 2 is where the respondents were asked to indicate their gender. Results showed that 48 are male, which is 86% of the total. Only four women completed the survey which as a percentage of the group would be 14%. Again, this is not surprising as the author of this research project is a 27 year old Saudi male. It would be important to note that males and females are kept separated in Saudi society from a young age so there is little opportunity for Saudi males to have any female contact especially considering the target age group of this study and the age of the researcher. (See appendix, chart 2).

In order to simplify the tabulation of the results (and in the interest of making the survey faster to fill out) the researcher divided the Kingdom into five regions so that the respondent could easily indicate where they come from. The largest group of youths came from the Western region (where Jeddah is the largest city); there were 26 participants which was 46% of the total. (This result is not statistically significant as the author of the survey is from the Western region of the country and therefore it would be expected that many of his contacts are from this region.) The second largest representation came from the Eastern region; the number was 14 surveys which equates to one-quarter of the 56 respondents. Eleven surveys (20%) were returned by young people who live in the Central region of the KSA. This region includes the nation's capital city of Riyadh which has a population of over 6.5 million people (Arab News, 2009). The Southern region produced five surveys which is 9% of the total. There were no surveys returned from the Northern region. (See appendix, chart 3)

As previously mentioned, the KSA considers educating its population as a high priority and the results bear that out. A total of 87% of the respondents have a Bachelors degree or higher. Broken down that's 49 with a Bachelors degree of which 24 also have a Master's degree and three also have a higher degree than a Master's degree. Keep in mind that the author of this

survey is about to receive his Master's degree also and therefore we would expect that many of his contacts are as educated as he is. The participants also included seven (or 12.5%) whose highest qualification as yet is a high school diploma. No surveys were received from anyone with less than a high school diploma. (See appendix, chart 4).

The originator of this survey is currently in the U.S. finishing his Master's degree and therefore we should expect that survey participants may be in the same position. In fact in Question 5, 49 participants (87.5%) out of 56 stated that they are currently attending school (see appendix, chart 5). Of these, 41 (73%) are studying in the U.S., four (7%) are attending university in the KSA, two (3.6%) are in Australia and one each are in the United Kingdom and Canada. Seven (12.5%) people indicated that they are not currently enrolled in any educational institution either at home or abroad. (See appendix, chart 6).

As you recall, in Question 6 the lowest range of monthly income recorded in this survey is the 500-1,999 SAR level which is approximately \$133-\$533 US. One participant reported being at this income level. The next level, 2,000 to 4,999 SAR (approx. \$533-\$1,333) was indicated by three (5.3%) survey takers as their monthly income range. At the 5,000 to 6,999 SAR (\$ 1,333 to \$1,866) level we had 11 (20%) of the 56 participants. The largest group 27 (or 48%) included themselves in the income range 7,000-9,999 SAR (equivalent to \$1,866 to 2,667 US). The highest level of monthly income listed in the survey was 10,000 SAR or higher (\$2,667 and above) and 14 (25%) participants reported this level as their monthly income. (See appendix, chart 7)

Since one of the purposes of this survey was to collect data on National Commercial Bank (NCB), it was fortunate that in Question 7 twenty-two (39%) of the 56 participants turned out to

have an account with NCB. The other 34 people (61%) have bank accounts at banks other than NCB (as do some of the NCB customers). (See appendix, chart 8)

If you recall this is the place in the survey where the NCB customers' answers began to be collected separately. In Question 8 they were asked to indicate what type of account(s) they had at the bank. Almost all of the NCB subgroup, 20 (91%) out of 22, have a checking account. Only six (27%) reported that they had a savings account at NCB. Note that the totals are more than 22 (100%) as some respondents have both a checking and savings account at NCB. Interestingly none of the 22 NCB customers specified that they maintained an investment account at NCB. This result could perhaps be explained by the fact that so many of the participants are still students and therefore wouldn't have the income to invest in the stock market. Further one could speculate that economic instability which is being experienced throughout the globe and the substantial losses incurred by many in the stock market in recent years would make anyone shy about participating in any stock market. (See appendix, chart 9)

Question 9 is also an "NCB customer-only" inquiry. From a list of common bank services they marked all that they use at NCB. In order of popularity here are the results: ATM (21), debit card (18), phone banking (13), direct deposit, (12), credit card (11), on-line banking (11), EF Transfer (6), teller service (5), internet stock trading (4), e-payment (4), text-messaging (3), auto loan (1), and discounts (1). The following services are not being used by this group at NCB: mortgage, training classes, student loan, and Sharia-based investments.

A closer examination of these findings shows that 18 participants (82%) reported using their NCB debit card. Since this is a feature of their checking account, the only surprise might be the few who are not utilizing it (but then some people are not comfortable with this "plastic" form of check).

Another predictable result is that almost all (21 out of 22) make use of the bank's ATMs. It's important to note that this generation of young people probably can't remember a time when there weren't ATMs. Other services which are popular with at least half of the NCB customer group include: direct deposit, credit card, on-line and phone banking. According to Euromonitor International's 2008 "Consumer Lifestyles – Saudi Arabia" report, the Saudi government was instrumental in promoting the use of banking services within the Kingdom by spending billions of Saudi riyals on the technological infrastructure of the country and when it converted all of its employees' salaries to direct deposit (p. 72).

With a large majority of the study's participants studying abroad, it seems that more would be making use of the EF Transfer capability but perhaps the fees are high. Furthermore, considering that this group has either grown up with or at least now has accessibility to advanced technology in their daily lives, it was somewhat shocking to see that only three utilize the text messaging and four the e-payment service. Another revelation which was not anticipated was the fact that four participants reported that they made use of the internet stock trading system at NCB. It seems that a distinction was made between internet stock trading and having an investment account (see Question 8 results). Those items which had no participation among this survey's respondents could possibly be explained by the age of our group (i.e. mortgages, Sharia-based investing). The fact that the government of KSA for the most part provides for the education of its citizens explains the lack of participation in a student loan program. (See appendix, chart 10 for a graph of Question nine's results).

Section II "Bank Services" started off with asking the respondents to rank, by importance to them, the services provided at NCB. The top five services in order of importance to the 22 NCB customers in this survey are: ATM machines, debit card, direct deposit, credit card and on-line

banking. If you compare this to the results of question 9, the only difference you will find between what is being used and what is important is phone banking which did not make the top five on the importance list. Perhaps this can be explained by this tech-savvy generation preferring on-line banking to phone banking. On the other hand, in the comments section, a NCB customer reported getting the run-around from the phone (and branch) banking personnel so maybe it is a “poor quality of service” situation.

For the second question in section II, the focus changed from NCB to other banks. This resulted in the survey takers reporting that they had a total of 56 accounts at banks other than NCB. (It is interesting to note that 20 of the 22 NCB account holders also have bank accounts at other banks). The breakdown was as follows: 39 checking accounts, 13 savings accounts and four investment accounts. (See appendix, chart 12).

In the interest of comparing this subgroup to the NCB subgroup, they were also asked (in Question 3) to identify which services they utilize at the other banks. In order of popularity here are the results: debit card (42), ATM (40), on-line banking (34), credit card (28), phone banking (25), direct deposit (23), e-payments (22), text messaging (18), teller service (15), internet stock trading (14), discounts (8), EF transfers (8), Sharia-based investments (5), training classes (3), and mortgage (3). This subgroup shows that indeed this customer segment is comfortable with the banking industry’s technologically-based services as evidenced by their use of e-payments, text messaging, and internet stock trading which was not the case with the NCB customer group. (Of course both groups utilize ATM’s and on-line banking.)

As with the NCB customers earlier, this subgroup was asked in Section II, Question 4 to rank the services they value the most at banks. It is not surprising that for the most part the same services

the NCB customers indicated were important were also identified as important by the “other bank” group: debit card, credit card, ATM machines, and on-line banking. We again had the phenomenon that phone banking was used by many (25) but not ranked as highly in importance.

In the final section of the survey, participants were asked to rate their level of satisfaction regarding the service they receive at NCB (separately) and all other banks (together). For National Commercial Bank: four participants described themselves as “not satisfied”, six are “somewhat satisfied”, six chose “satisfied”, four reported being “very satisfied”, and only two people consider themselves “extremely satisfied” with the service they receive at NCB. (See appendix, chart 15). On the other hand, the satisfaction level at all other banks was expressed by three participants as “not satisfied”, also three participants stated they were “somewhat satisfied” while 12 participants say they are “satisfied”, 13 participants report being “very satisfied”, and finally 12 people are “extremely satisfied” with the service they receive at their bank (all other banks except NCB). (See appendix, chart 16)

In addition to indicating their satisfaction level in the question above, respondents were given the opportunity to explain “why” they chose their answer. Under the section about NCB, there were 12 comments made of which eight were negative and four were positive. In contrast, the other banks received 15 positive and only three negative comments.

The final question (section III, question 2) was included in order to illicit some feedback specifically for NCB in regards to how they could improve their services. Twenty-eight suggestions/comments were made in this area which ranged from a short sentence to a full paragraph. Even a few non-customers made remarks because they had been in the bank (accompanying a family member) and had observed the operation.

By analyzing the responses in section III, one can easily see that customers who have accounts at other banks are much more satisfied with the services that are available to them and the treatment that they receive at these banks than the NCB customers. A closer look at the comment sections show that many feel that they don't get good service from the employees of NCB. For example, some customers reported that they believe the staff treats customers according to how much money they have in the bank. Several statements implied that the staff was unwelcoming and lacked proper training. Another "theme" often heard is that the branches are crowded.

Recommendations

With the benefit of the knowledge gained during two years of (Service Management & Human Resources) graduate classes at RIT, coupled with extensive research and thanks to the valuable insight provided by the survey respondents, the strategies below have been formulated with regard to National Commercial Bank's operation.

First of all, NCB needs to improve their customer service. Specifically they need to implement a customer-centric philosophy in order to repair the damage that has been done to the current (and former) customers and if they are ever to have any hope of attracting and retaining new customers. Customers cannot be treated according to the size of their portfolio; they must all be treated equally (and well). Perhaps a young person may not have a large account now but you don't know what his/her lifetime value may be to the company. Not to mention, it is morally right to treat everyone with respect. Second, your employees are the face of your company that the customers see. Especially the front line employees must act welcoming and be helpful. Clearly they would benefit from customer relationship management training. However, it is imperative that your employees be well trained in their jobs first. Comments were made that some couldn't even handle

simple transactions such as taking a deposit. This signals that something is wrong with the procedures and/or the training program. It sounds like NCB would benefit from the re-designing of some procedures along with their training program. It could be that having the employees be more specialized in certain tasks would make for a more efficient flow of customers. Additionally, experienced employees from other branches could be brought in to mentor the new employees to make sure that customer service is maintained even during the early days of the branch. Perhaps by instituting a mystery shopping program (from which valuable feedback could be gathered) would give NCB an indication as to the branches and areas of service which are most in need of being improved.

Certainly the banking industry is thriving and competitive in the KSA and so expansion may be being rushed but it shouldn't be at the risk of providing inferior customer service. One comment mentioned that a new branch was understaffed and several said the branches are crowded. With so many young people attending university and many others looking for work, it seems that it would make sense for NCB to partner with colleges in the Kingdom in order to get the educational institution to train them in the skills they are looking for in their employees. Even better, get the government to set up a banking institute and NCB could advise them. This would give them a pipeline of qualified employees to staff their growing number of facilities. Furthermore, in an effort to keep up with the youth market, NCB could initiate a Youth Advisory Board. A great source for potential participants could be university clubs such as the King Abdul-Aziz University's accounting club. Not only could they provide insight into KSA's youth segment, they also could become valuable NCB employees following their graduation.

Another main area where NCB needs some improvement is in their channels. Comments were made that there aren't enough ATM's available. A suggestion was also made that all of NCB's

ATM's should be converted so that they can accept deposits. This action would be beneficial for the customers (convenience) and for the branches as fewer people would be in the bank depositing money (requiring employee's time). Furthermore, comments were received regarding NCB needing to add more on-line capabilities for their customers. This younger generation is clearly comfortable with technology so NCB cannot afford to get behind in this area. Disposable income is high in the KSA and customers will be looking for ways to spend it. For instance, more purchases are being made by the internet. NCB could benefit from providing their customers modern options (i.e. debit, credit & charge cards) to handle these transactions. It is important for NCB to remember that these young people value secure access and convenience in their buying experiences.

In addition to better customer service and improving channels, how else can NCB attract and retain the millions of potential customers of the younger generation in the KSA? With over 60% of the population in Saudi Arabia being under the age of 30 years old they are certainly an economic force which cannot be ignored (Euromonitor – Consumer Spending, 2009). NCB seems to understand the importance of this segment as evidenced by their development of youth-oriented product lines: Ajyal (for students) and Ashbal (for minor children) (Euromonitor – National Commercial Bank, 2009). However, at the same time, they are charging a monthly account-inactivity fee which has affected many students studying abroad. NCB needs to maintain their relationship with their young customers especially the ones who are pursuing a higher education. NCB is being very short-sighted by instituting these punitive fees. Those people who have degrees from other countries will be the ones that are able to get the higher-paying jobs in the KSA. Instead NCB should be forming alliances with international banks so that even when their customers are out of the KSA they can still do business with NCB. As mentioned in the comments from the survey, NCB needs to set up a toll-free international 800 # so that their customers can contact them from

outside the country. According to Saudi Arabia's Cultural Mission, there are over 20,000 Saudis in the U.S. studying at Language Centers (to reach proficiency in English) and at colleges and universities across the country (studying for undergraduate, graduate and doctoral degrees) (2009). With the KSA government providing monthly salary payments to these young people living abroad (to cover living expenses) the NCB could be benefiting from these payments being direct deposited into NCB bank accounts.

In addition to the international toll-free number, NCB could sponsor youth-oriented "relationship-building" activities. They could sponsor sporting events (especially soccer) which youth can compete in or with professional teams that they will want to attend. The bank could partner with retail establishments to offer discounts for NCB customers for such things as clothes, entertainment, electronics and travel.

As mentioned in one astute respondent's comment, NCB has chosen to ignore almost one-half of the youth segment – the women. In 2007, women made up an estimated 46% of the KSA youth population (approx. 7.8 million) (Euromonitor Consumer Lifestyle – KSA, 2008). Of its 267 branches, only two are women-only and 23 other branches have female-only sections staffed by women (Euromonitor – National Commercial Bank, 2009). In increasing numbers, Saudi women are pursuing their higher education (both in country and abroad). They are getting jobs and having careers in more diverse professions and owning their own businesses. Regardless of their personal income, Saudi women often have significant influence over how income is spent in their households. A large potential financial reward is available to the banking institution that realizes the power of this demographic and pursues it first.

Summary, Conclusion and Recommendations

As the culmination of two years of graduate level studies in RIT's Service Leadership and Innovation program, this project was designed and implemented for the purpose of applying the knowledge gained in the classroom to a real world situation. As a citizen and life-long resident of Saudi Arabia, the author of this project has intimate knowledge of the culture and people of the region. The graduate student added further "expertise" to the subject matter as he is also a member of the target market (Saudi youths – under age 30) and is currently a customer of National Commercial Bank. There is hope that this study may assist the project initiator in securing employment upon his return to the KSA.

Having experienced firsthand the less than satisfying customer service at NCB, the author chose to investigate (via this project) what other Saudi young people thought of NCB and what they were looking for in a banking relationship. Once the topic was approved, the first step was to see if any similar studies had already been done on this subject. The staff at RIT's Wallace Library proved to be invaluable in assisting with locating pertinent information. RIT's subscriptions to a multitude of databases gave the project's initiator access to Euromonitor International's insightful array of reports about the Middle East region. Not only were they up-to-date resources, but they were on target for the project's focus (i.e. banking, KSA, youth habits, etc.)

Even with all the information that was located, still there was no data found that was gathered directly from the target market. Therefore, a survey was designed and sent out by the author of this project in order to find out what Saudi young people had to say about banking in the KSA. This effort resulted in over fifty surveys being completed and returned to the author. The results were tabulated and analyzed. From the insights gained, the author made

recommendations to NCB in regards to how they could improve their current customer relationships, attract new customers and retain them into the future.

Many lessons have been learned during the process of this project. With the benefit of hindsight, the author would recommend the re-wording of certain questions in the survey in order to achieve clearer data. For example, Question 4 (in section I) could have been re-stated: “what is the highest level of education you have achieved?” Also, Question 2 (in section 2) perhaps should have read: “do you have accounts in any other Saudi banks?” Additionally, the questions which involved the ranking of the importance of specific banking services from one to ten should be re-designed as the ranking method proved to be difficult for the survey takers and data analyzer as well.

The most important lesson learned from this whole project experience was the realization that the concepts and business methods being taught in RIT’s Service Leadership and Innovation graduate program desperately need to be communicated and adopted by businesses in the KSA. The National Commercial Bank is a prime example of what happens to a business that has failed to adapt to the current (global) competitive environment. They are so busy doing what they think is best that they have lost touch with their customers. NCB would clearly benefit (as would their customers) from a re-orientation toward a more customer-centric business model. Ultimately, their goal should be to provide a personalized co-creative experience for each of their customers (Prahalad & Ramaswamy, 2004).

In a speech at New York University’s School of Law, Saudi Ambassador Prince Turki Al-Faisal referred to the young people of Saudi Arabia as the “keys to the Kingdom” (SUSRIS, 2006). They indeed can unlock a bright future for businesses (who bother to listen to them) as well as the country which has nurtured them.

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Appendix :

Years

15-18	1
19-24	22
25-30	33

Gender

Male	48
Female	8

Region

Central Region	11
Northern Region	0
Southern Region	5
Western Region	26
Eastern Region	14

Qualification

Less than high school	0
High school /Diploma	7
Bachelor	22
Master's	24
Above Master	3

Attending school

YES	49
NO	7

Monthly income

500- 1999	1
2000- 4999	3
5000-6999	11
7000-9999	27
10000 +	14

countries

USA	41
Canada	1
Ksa	4
Austraila	2
UK	1

National Commerical Bank

Having Account in NCB

Yes	22
No	34

Services Currently Use		
Debit/Bank card		18
car loans		1
Direct Deposit		12
EF Transfer (Wiring funds)		6
Teller Service		5
Credit card		11
Student loans		0
Phone Banking		13
Discounts		1
Internet Stock Trading		4
On-line Banking		11
ATM Machine		21
Mortgage		0
Training Classes		0
E-payments		4
Text Messaging		3
Sharia-based Investment		0

The most important		(%) percent
Debit/Bank card	51	31.372549
car loans	23	21.7391304
Direct Deposit	50	30
EF Transfer (Wiring funds)	42	16.6666667
Teller Service	38	21.0526316
Credit card	68	29.4117647
Student loans	34	14.7058824
Phone Banking	70	24.2857143
Discounts	26	19.2307692
Internet Stock Trading	40	20
On-line Banking	53	26.4150943
ATM Machine	50	32
Mortgage	12	25
Training Classes	17	17.6470588
E-payments	33	21.2121212
Text Messaging	48	18.75
Sharia-based Investment	19	21.0526316

Other Banks

Type of Account	
Checking	39
Saving	13
Investment	4

Services Currently Use in Other Banks			
Debit/Bank card			42
car loans			4
Direct Deposit			23
EF Transfer (Wiring funds)			8
Teller Service			15
Credit card			28
Student loans			2
Phone Banking			25
Discounts			8
Internet Stock Trading			14
On-line Banking			34
ATM Machine			40
Mortgage			3
Training Classes			3
E-payments			22
Text Messaging			18
Sharia-based Investment			5

The most important Service in Other Banks			(%) percent
Debit/Bank card			69
car loans			111
Direct Deposit			139
EF Transfer (Wiring funds)			93
Teller Service			113
Credit card			99
Student loans			92
Phone Banking			183
Discounts			73
Internet Stock Trading			79
On-line Banking			120
ATM Machine			147
Mortgage			60
Training Classes			59
E-payments			122
Text Messaging			81
Sharia-based Investment			40

Level of satisfaction

	Not Satisfied	somewhat satisfied	Satisfied	Very Satisfied	Extremely Satisfied
NCB	4	6	6	4	2
Other Bank	3	3	12	13	12

Chart (1)

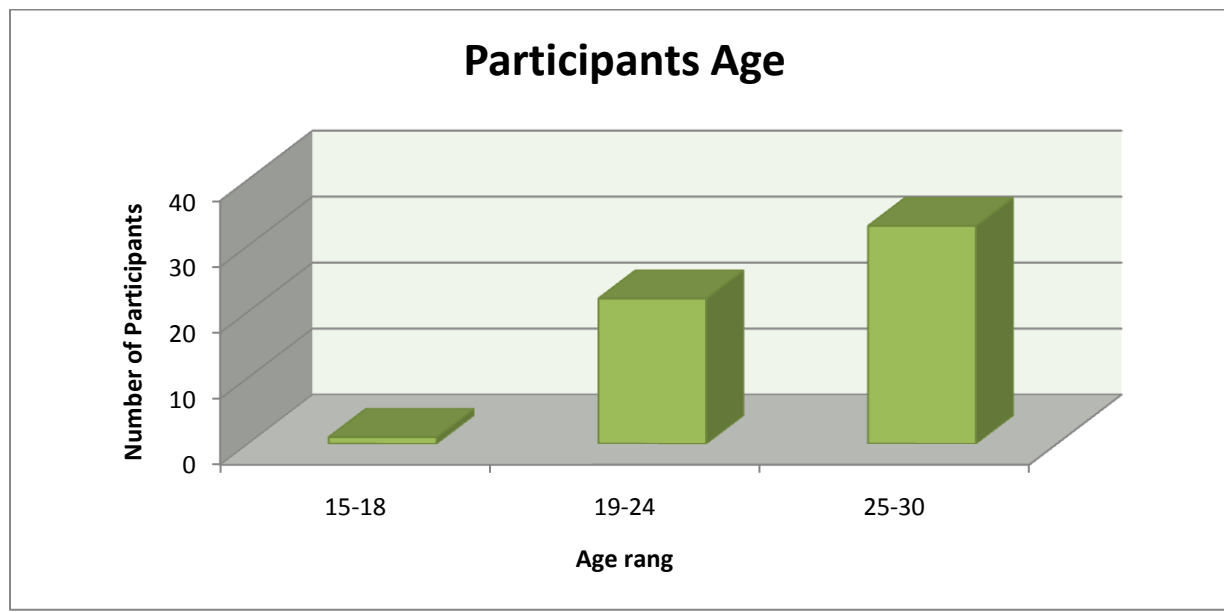


Chart (2)

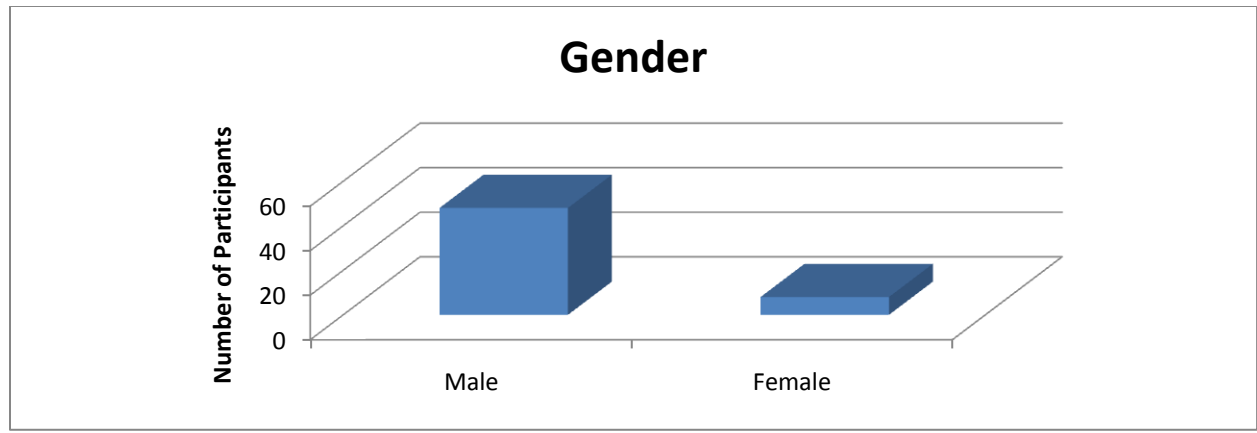


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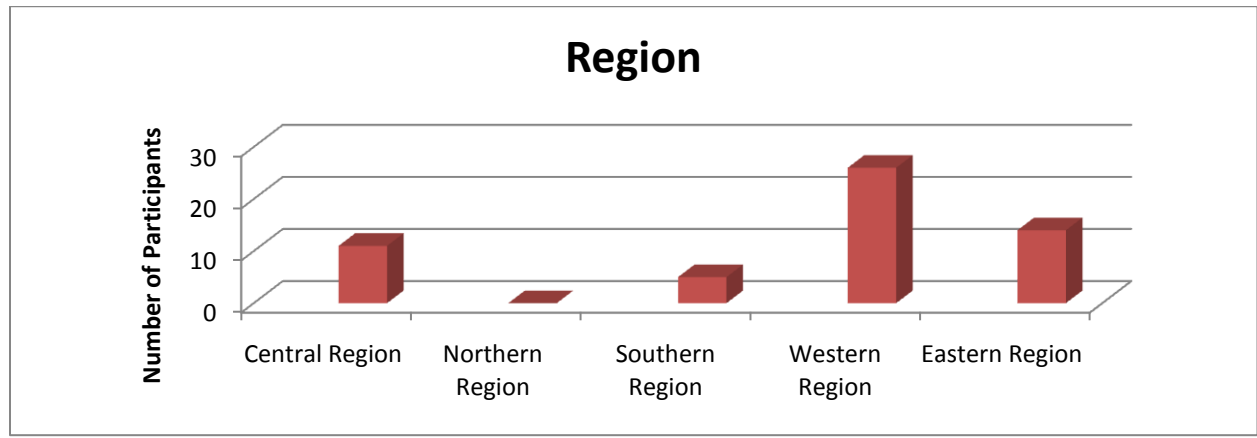


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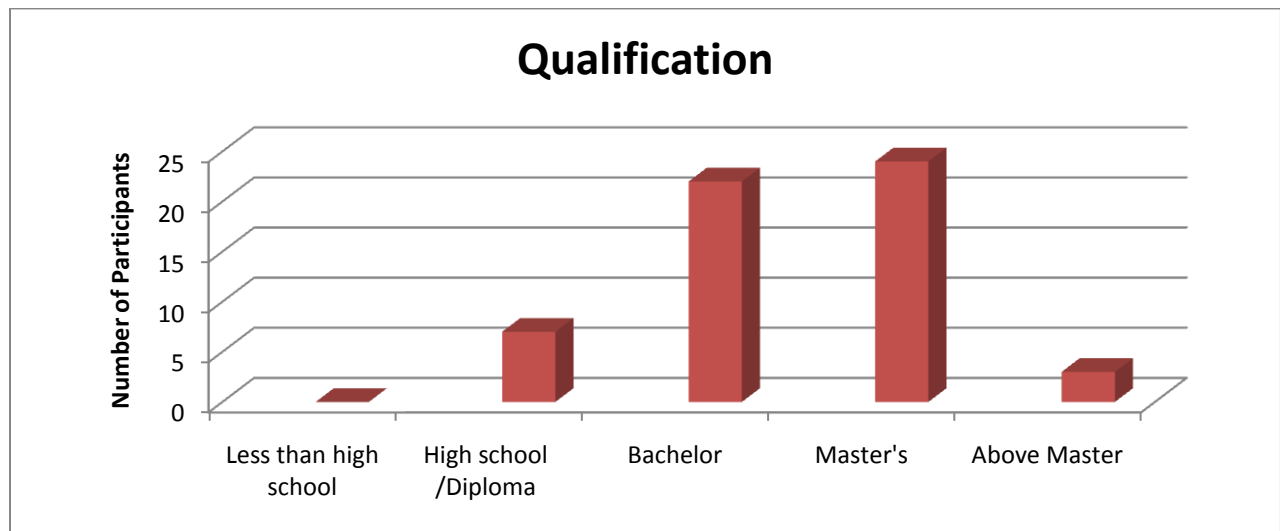


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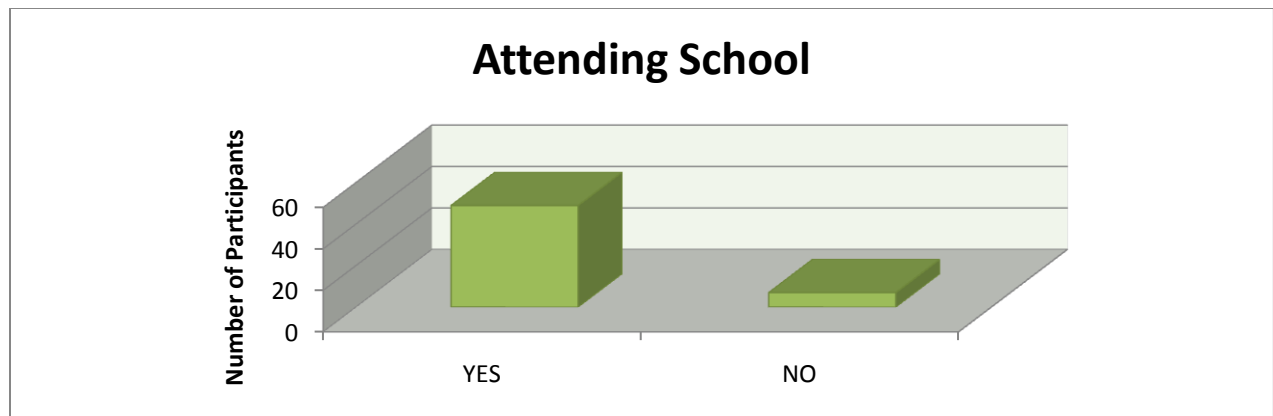


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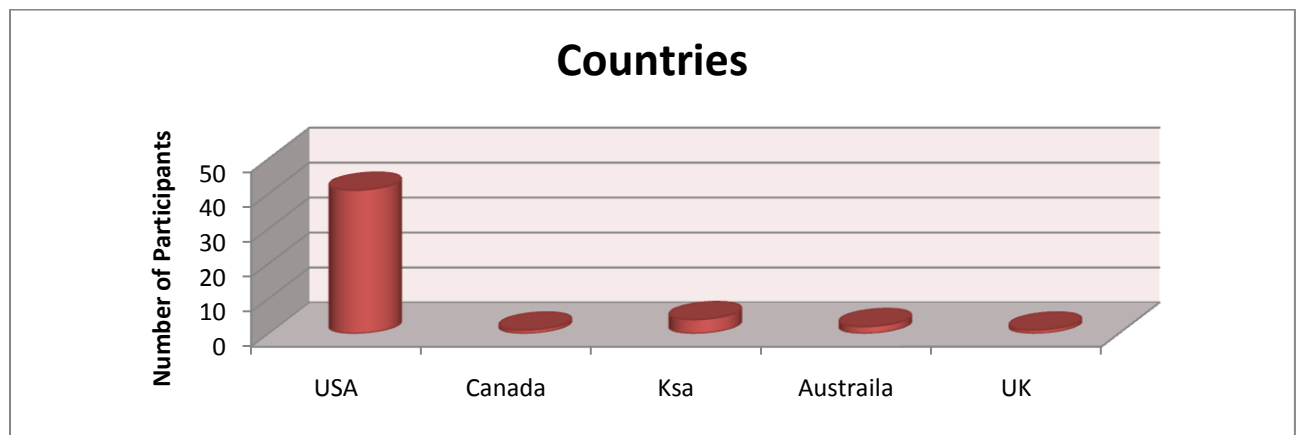


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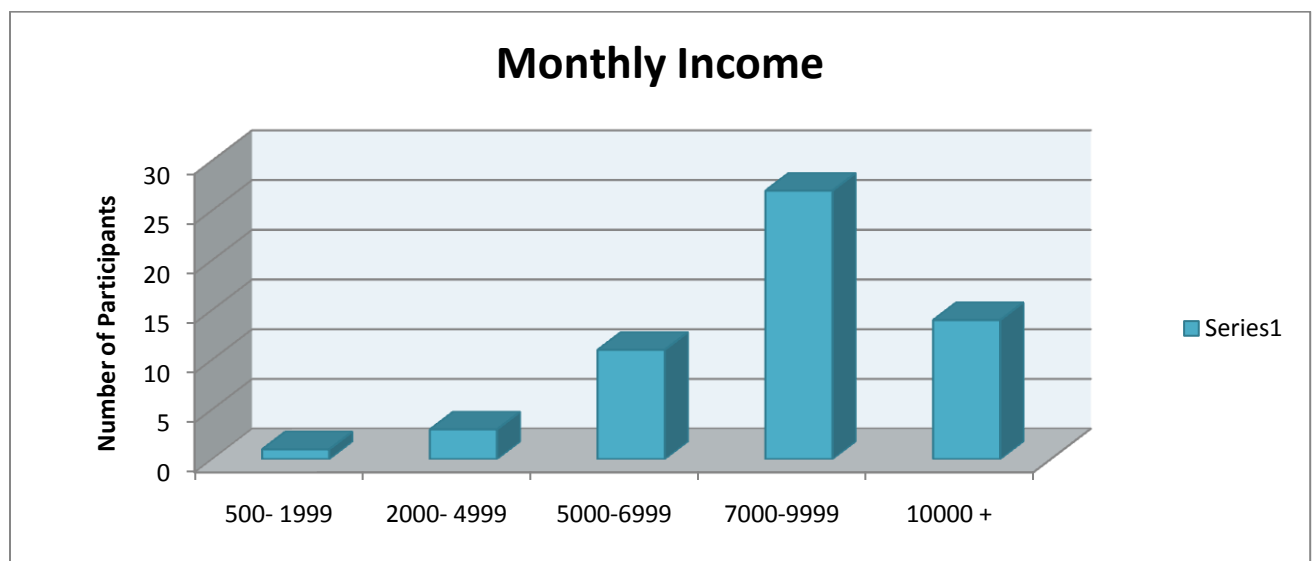


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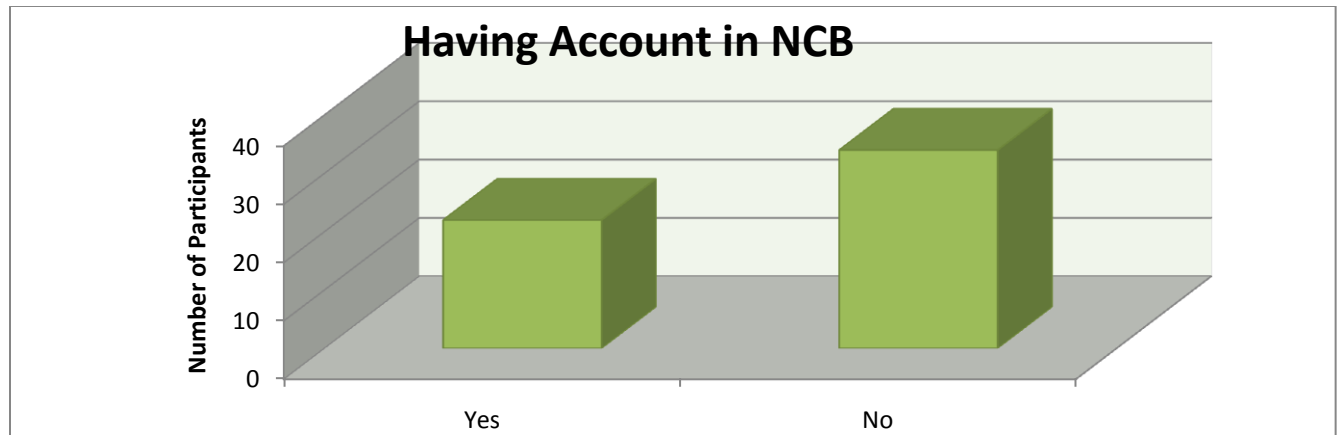


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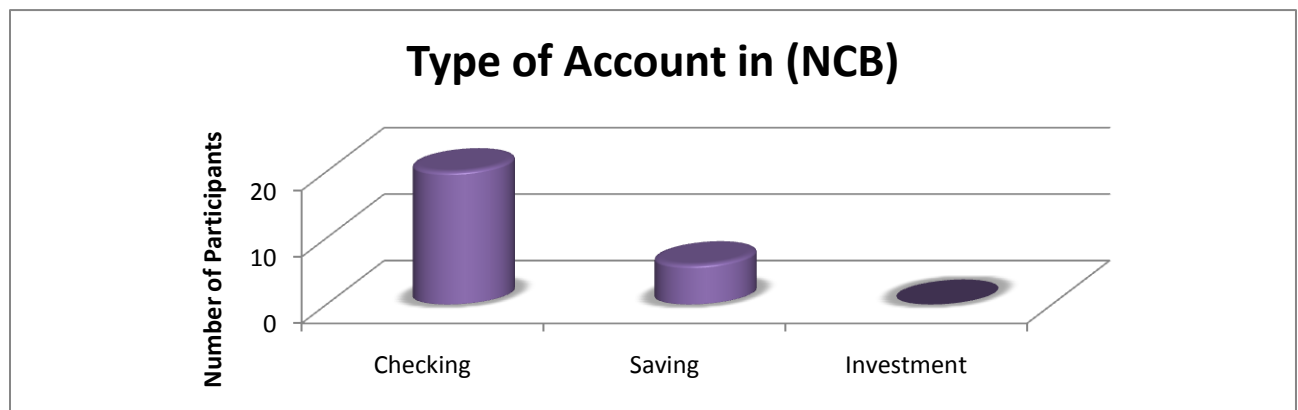


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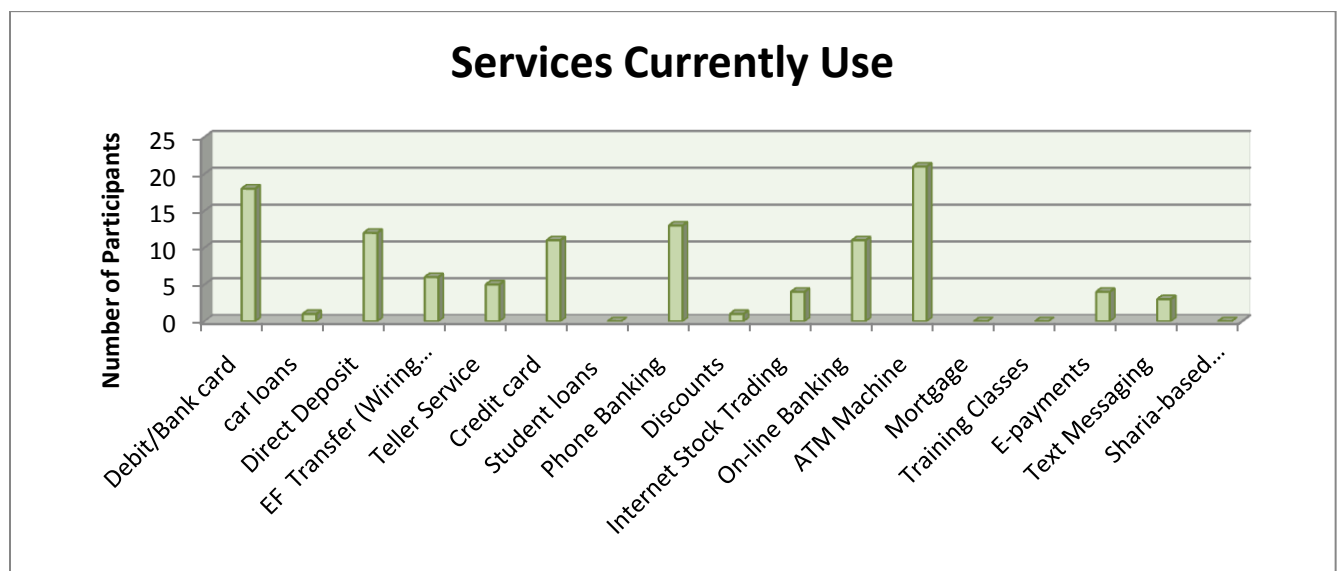


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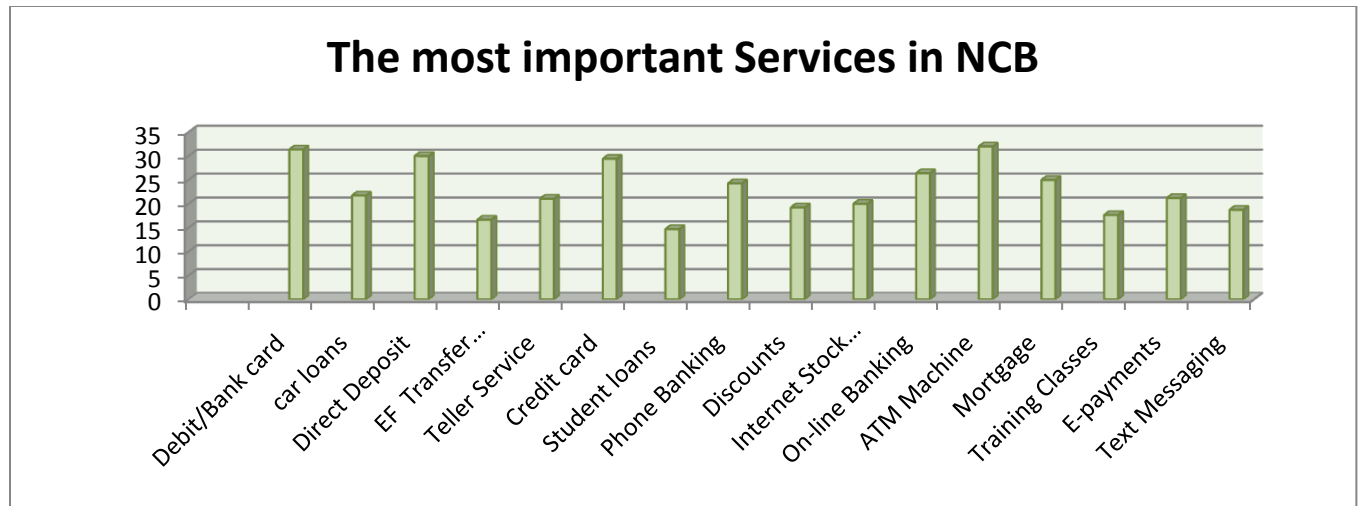


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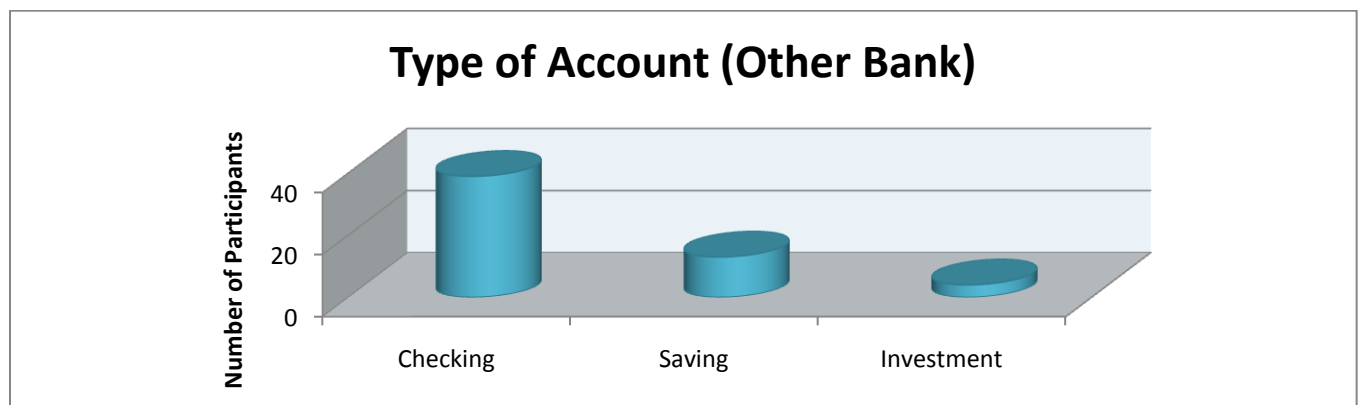


Chart (13)

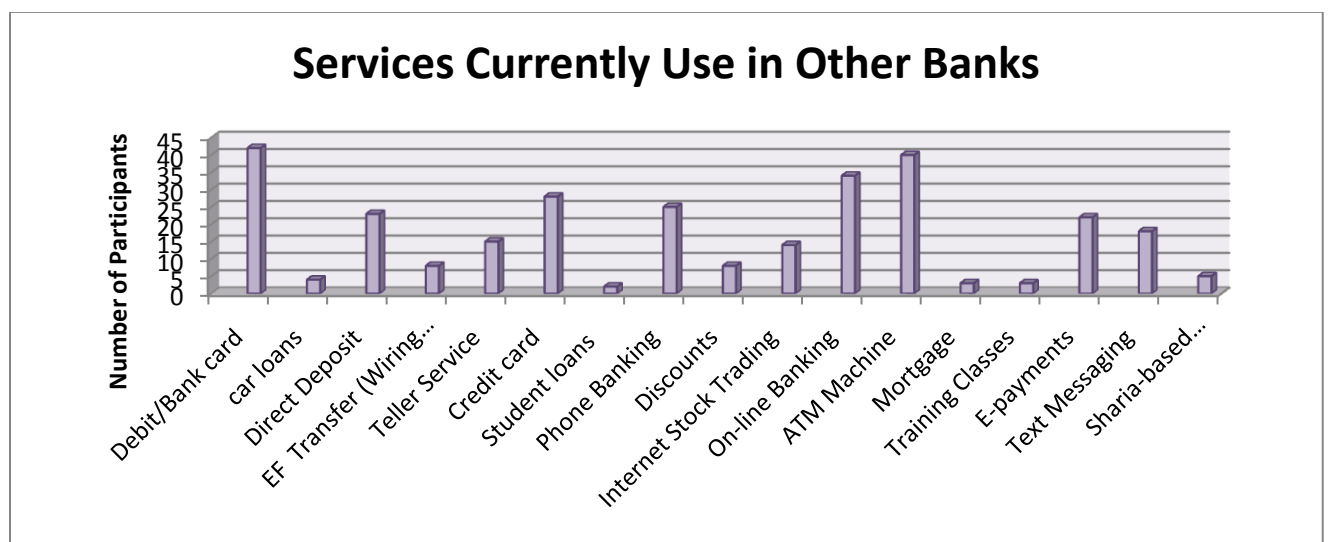


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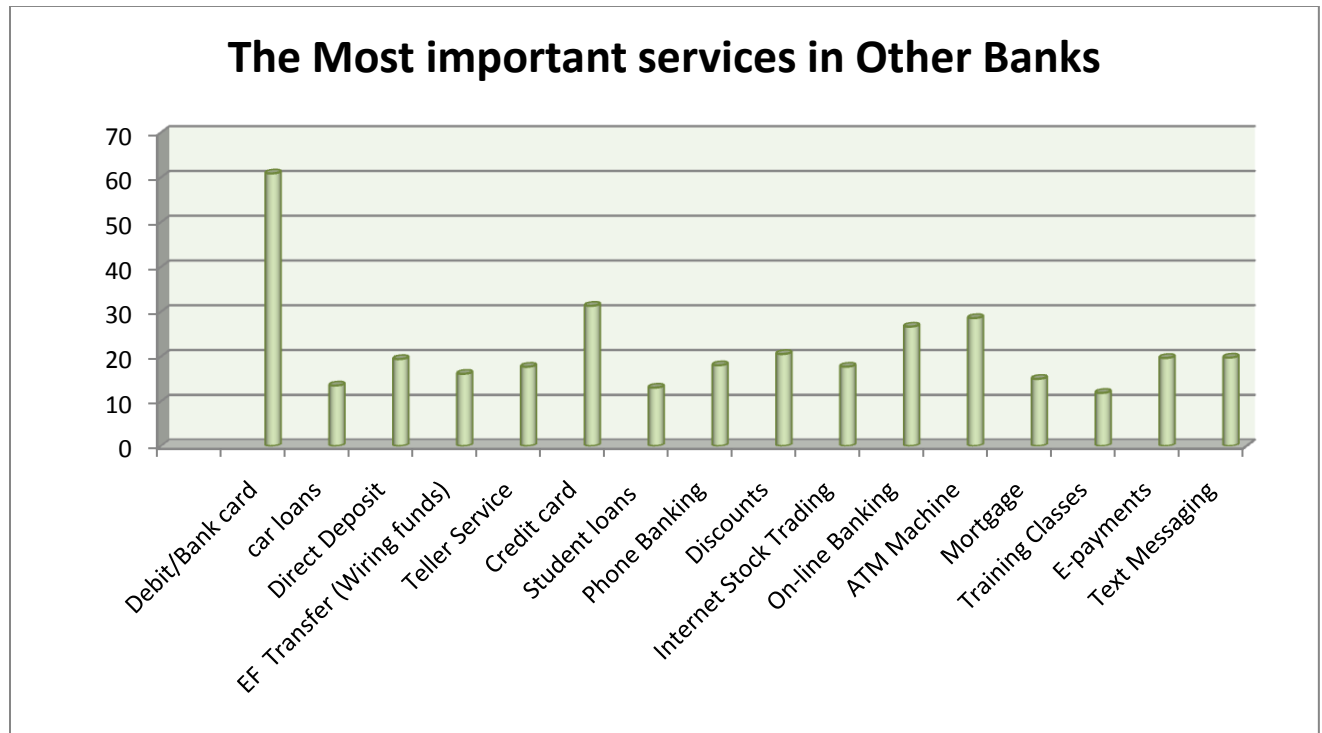


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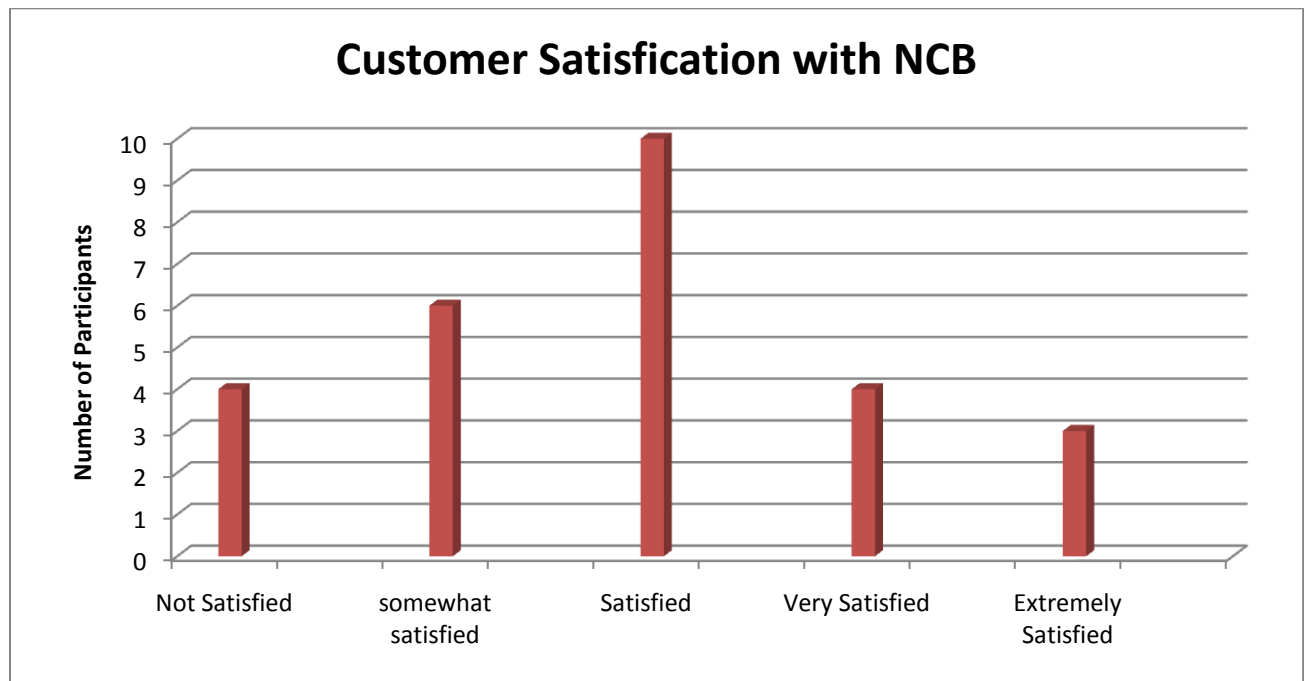


Chart (16)



The survey

Dear Survey Participant

My name is Mohammed Bahudhailah, and I am graduate student in Service Leadership and Innovation Program at Rochester Institute of Technology. This survey is part of the academic requirements for my master's degree in Service Leadership and Innovation. This survey will measure the quality of customer services provided by employees of National commercial Bank. By responding to this survey, you will help us do a better job of providing you with consistently excellent financial services. Please complete this brief 10-minute survey about your experiences with Saudi National Commercial Bank. Your answers are completely anonymous, will remain confidential, and be seen only by me. Please complete all questions according to the directions in the survey. If you have any questions, please contact me via the email: mub_401@hotmail.com. Or fill the survey in this very document and send it back to my e-mail. Or handle it to me.

Once again, thank you for your participation in the survey

Mahammed Bahudhailah

Sincerely,

Saudi Bank Services Assessment Survey

Goal: to find out what young people (30 years old or younger) in KSA are looking for in a banking relationship

Please select the box that best describes you; check only one box for each question:

Section I, personal information:

1) What is your age:

☐ 15-18 years

☐ 19-24 years

☐ 25-30 years

2) What is your gender:

☐ Male

☐ Female

3) In which region do you live:

☐ Central Region

☐ Western Region

☐ Northern Region

☐ Eastern Region

☐ Southern Region

4) What is your highest qualification:

☐ Less Than High School

☐ High School/Diploma

☐ Bachelor

☐ Master's

☐ Above Master's

5) Are you currently attending school, college or university:

☐ Yes...

☐ No

If Yes, where ? _____

6) What is your monthly income:

☐ 500 – 1999 SR

☐ 2000 – 4999 SR

☐ 5000 – 6999 SR

☐ 7000 – 9999 SR

☐ 10000 + SR

7) Do you have Account in National Commercial Bank (AL AHLI)? (If No please go directly to question 2 in Section II)

☐ Yes...

☐ No

8) What type of account do you have in National Commercial Bank (AL AHLI)?

☐ Checking

☐ Savings

☐ Investment

9) What bank services do you currently use at National Commercial Bank: (put an X by all that apply)

..... Debit/Bank Card	..... Students Loans	..... ATM Machine
..... Car Loans	..... Phone Banking	..... Mortgage
..... Direct Deposit	..... Discounts	..... Training Classes
..... EF Transfer (Wiring Funds)	..... Internet Stock Trading	..... E-Payments
..... Teller Service	..... On-line Banking	..... Text Messaging
..... Credit Card		.... Sharia-based Investment
..... Other.....		

Section II, Bank Services :

1) Rate the following services according to their importance (1 = “the most important” service to 10 = “the least important”) **Please use the numbers from 1 to 10 only on time**

..... Debit/Bank Card	..... Students Loans	..... ATM Machine
..... Car Loans	..... Phone Banking	..... Mortgage
..... Direct Deposit	..... Discounts	..... Training Classes
..... EF Transfer (Wiring Funds)	..... Internet Stock Trading	..... E-Payments
..... Teller Service	..... On-line Banking	..... Text Messaging
..... Credit Card		.... Sharia-based Investment
..... Other.....		

2) Do you have another account in other bank? If yes: what types of account do you?

☐ Checking

☐ Savings

☐ Investment

3) What bank services do you currently use with your other Bank: (put an X by all that apply)

..... Debit/Bank Card	..... Students Loans	..... ATM Machine
..... Car Loans	..... Phone Banking	..... Mortgage
..... Direct Deposit	..... Discounts	..... Training Classes
..... EF Transfer (Wiring Funds)	..... Internet Stock Trading	..... E-Payments
..... Teller Service	..... On-line Banking	..... Text Messaging
..... Credit Card		.... Sharia-based Investment
..... Other.....		

4) the following services respectively according to the most importance (1 is “the most important” service through 10 “the least important”) **Please use the numbers from 1 to 10 only on time**

..... Debit/Bank Card	..... Students Loans	..... ATM Machine
..... Car Loans	..... Phone Banking	..... Mortgage
..... Direct Deposit	..... Discounts	..... Training Classes
..... EF Transfer (Wiring Funds)	..... Internet Stock Trading	..... E-Payments
..... Teller Service	..... On-line Banking	..... Text Messaging
..... Credit Card		.... Sharia-based Investment
..... Other.....		

Section III, Satisfaction Indicator

Please select the box that best describes you; check only one box for next question. Please Notice that number (1) is Not satisfied and number (5) is Extremely satisfied.

1) Indicate your level of satisfaction with your bank’s customer service :

	Not satisfied	Somewhat satisfied	Satisfied	Very satisfied	Extremely satisfied	
National Commercial Bank :	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	Why: _____
Your other bank:	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	Why: _____

2) How can National Commercial bank improve the services provided to you?

.....

.....

.....

.....

.....

Thank you for completing this survey. Your feedback is greatly appreciated!

